



ANNUAL STATEMENT  
For the Year Ending December 31, 2009  
OF THE CONDITION AND AFFAIRS OF THE  
Health Plan of Michigan, Inc.

NAIC Group Code	4640 (Current Period)	4640 (Prior Period)	NAIC Company Code	52563	Employer's ID Number	38-3253977
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	12/31/1995		Commenced Business	12/31/1995		
Statutory Home Office	777 Woodward Ave. Suite 600 (Street and Number)		Detroit, MI 48226 (City or Town, State and Zip Code)			
Main Administrative Office	777 Woodward Ave. Suite 600 (Street and Number)					
	Detroit, MI 48226 (City or Town, State and Zip Code)		(313)324-3700 (Area Code) (Telephone Number)			
Mail Address	777 Woodward Ave. Suite 600 (Street and Number or P.O. Box)		Detroit, MI 48226 (City or Town, State and Zip Code)			
Primary Location of Books and Records			Same (Street and Number)			
	Same, (City or Town, State and Zip Code)		(313)324-3700 (Area Code) (Telephone Number)			
Internet Website Address	www.hpmich.com					
Statutory Statement Contact	Jon B. Cotton (Name)		(313)324-3705 (Area Code)(Telephone Number)(Extension)			
	jcotton@hpmich.com (E-Mail Address)		(313)202-0075 (Fax Number)			

OFFICERS

Name	Title
David B. Cotton M.D.	President/CEO
Thomas Lauzon	Secretary/CIO
Janice Torosian	Treasurer/CFO

OTHERS

DIRECTORS OR TRUSTEES

George Ellis  
Thomas Lauzon

Kimberly Harper

State of Michigan  
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) David B. Cotton, M.D.	(Signature) Thomas Lauzon	(Signature) Janice Torosian
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)
Subscribed and sworn to before me this day of , 2010	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ]   
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	31,928,331		31,928,331	17,626,693
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				279,428
2.2	Common Stocks .....	1,051,268		1,051,268	744,542
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....59,732,739 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....11,584,032 Schedule DA) .....	71,316,771		71,316,771	68,161,185
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Other invested assets (Schedule BA) .....	1,787,190		1,787,190	4,509,647
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	106,083,560		106,083,560	91,321,495
11.	Title plants less \$.....0 charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	278,277		278,277	207,650
13.	Premiums and considerations:				
13.1	Uncollected premiums and agents' balances in the course of collection .....				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....	19,188		19,188	130,739
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....				
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....	513,299	171,072	342,227	173,269
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....				
22.	Health care (\$.....10,377,487) and other amounts receivable .....	10,796,103	418,616	10,377,487	3,436,166
23.	Aggregate write-ins for other than invested assets .....	453,698	448,912	4,786	4,786
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	118,144,125	1,038,600	117,105,525	95,274,105
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	118,144,125	1,038,600	117,105,525	95,274,105
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Deposits .....	4,786		4,786	(539,624)
2302.	Acquired Membership Value .....	443,730	443,730		560,540
2303.	Long Term Investment Fair Value Adjustment .....		5,182	(5,182)	(16,130)
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	5,182		5,182	
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	453,698	448,912	4,786	4,786

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	50,035,367		50,035,367	33,540,386
2.	Accrued medical incentive pool and bonus amounts .....	2,034,407		2,034,407	1,737,928
3.	Unpaid claims adjustment expenses .....	287,000		287,000	545,000
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	4,326,093		4,326,093	5,578,496
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	409,756		409,756	3,594,385
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured plans .....				
21.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
22.	TOTAL Liabilities (Lines 1 to 21) .....	57,092,623		57,092,623	44,996,195
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	44,700	44,700
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	251,363	251,363
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	59,716,839	49,981,847
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31.	TOTAL Capital and Surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	60,012,902	50,277,910
32.	TOTAL Liabilities, Capital and Surplus (Lines 22 and 31) .....	X X X	X X X	117,105,525	95,274,105
DETAILS OF WRITE-INS					
2101.	.....				
2102.	.....				
2103.	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	2,399,409	1,817,726
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	660,311,231	448,167,300
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	(8,410,243)	(24,224,696)
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	651,900,988	423,942,604
Hospital and Medical:				
9.	Hospital/medical benefits .....		423,291,095	272,400,809
10.	Other professional services .....		2,950,918	2,155,043
11.	Outside referrals .....		18,471,968	14,600,608
12.	Emergency room and out-of-area .....		10,233,819	8,197,416
13.	Prescription drugs .....		69,118,357	51,548,394
14.	Aggregate write-ins for other hospital and medical .....		201,320	174,304
15.	Incentive pool, withhold adjustments and bonus amounts .....		6,805,788	5,249,946
16.	Subtotal (Lines 9 to 15) .....		531,073,265	354,326,520
Less:				
17.	Net reinsurance recoveries .....		399,788	130,739
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		530,673,477	354,195,781
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....		2,238,131	1,686,531
21.	General administrative expenses .....		99,138,278	44,790,407
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		632,049,886	400,672,719
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	19,851,102	23,269,885
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		1,755,015	1,399,657
26.	Net realized capital gains (losses) less capital gains tax of \$.....(128,083) .....		(237,871)	189,372
27.	Net investment gains (losses) (Lines 25 plus 26) .....		1,517,144	1,589,029
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....		35,366	1,052
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	21,403,612	24,859,966
31.	Federal and foreign income taxes incurred .....	X X X .....	7,061,241	8,348,506
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	14,342,371	16,511,460
DETAILS OF WRITE-INS				
0601.	Quality Assurance Fee .....	X X X .....	(8,410,243)	(24,224,696)
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	(8,410,243)	(24,224,696)
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Hearing/Speech devices .....		201,320	174,304
1402.	MI Primary Care Association .....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		201,320	174,304
2901.	Sale of Furniture .....			1,052
2902.	FQHC Bonus .....		35,366	
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		35,366	1,052

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	50,277,910	35,302,121
34.	Net income or (loss) from Line 32 .....	14,342,371	16,511,460
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....290,242 ...	170,795	(2,035,068)
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	19,825	926,610
39.	Change in nonadmitted assets .....	202,001	(427,213)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....	(5,000,000)	
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	9,734,992	14,975,789
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	60,012,902	50,277,910
DETAILS OF WRITE-INS			
4701.	Property Dividend to Stockholders .....		
4702.	0 .....		
4703.	0 .....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	660,311,231	423,942,604
2.	Net investment income .....	32,911	1,351,353
3.	Miscellaneous income .....	(8,410,243)	
4.	Total (Lines 1 through 3) .....	651,933,899	425,293,957
5.	Benefit and loss related payments .....	513,770,466	351,362,194
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	102,851,446	42,900,550
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	9,955,629	8,126,727
10.	Total (Lines 5 through 9) .....	626,577,541	402,389,471
11.	Net cash from operations (Line 4 minus Line 10) .....	25,356,358	22,904,486
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	8,508,296	3,882,380
12.2	Stocks .....	837,284	958,926
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....	2,928,718	2,834,889
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	127,083	2,282,776
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	12,401,381	9,958,971
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	21,672,151	9,230,324
13.2	Stocks .....	390,664	2,345,326
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....	105,000	1,432,500
13.6	Miscellaneous applications .....	255,722	567,560
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	22,423,537	13,575,710
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(10,022,156)	(3,616,739)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....	5,000,000	
16.6	Other cash provided (applied) .....	(7,178,615)	(583,781)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(12,178,615)	(583,781)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	3,155,587	18,703,966
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	68,161,185	49,457,219
19.2	End of year (Line 18 plus Line 19.1) .....	71,316,772	68,161,185

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	660,311,231							660,311,231		
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....	(8,410,243)							(8,410,243)		X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	TOTAL Revenues (Lines 1 to 6) .....	651,900,988							651,900,988		
8.	Hospital/medical benefits .....	423,291,095							423,291,095		X X X .....
9.	Other professional services .....	2,950,918							2,950,918		X X X .....
10.	Outside referrals .....	18,471,968							18,471,968		X X X .....
11.	Emergency room and out-of-area .....	10,233,819							10,233,819		X X X .....
12.	Prescription drugs .....	69,118,357							69,118,357		X X X .....
13.	Aggregate write-ins for other hospital and medical .....	201,320							201,320		X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....	6,805,788							6,805,788		X X X .....
15.	Subtotal (Lines 8 to 14) .....	531,073,265							531,073,265		X X X .....
16.	Net reinsurance recoveries .....	399,788							399,788		X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	530,673,477							530,673,477		X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses including \$.....0 cost containment expenses .....	2,238,131							2,238,131		
20.	General administrative expenses .....	99,138,278							99,138,278		
21.	Increase in reserves for accident and health contracts .....										X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	632,049,886							632,049,886		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	19,851,102							19,851,102		
DETAILS OF WRITE-INS											
0501.	Quality Assurance Assessment .....	(8,410,243)							(8,410,243)		X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(8,410,243)							(8,410,243)		X X X .....
0601.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603.	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.	Hearing/Speech Devices .....	201,320							201,320		X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	201,320							201,320		X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	660,893,125	.....	581,894	660,311,231
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8) .....	660,893,125	.....	581,894	660,311,231
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11) .....	660,893,125	.....	581,894	660,311,231



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	507,772,496							507,772,496		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	507,772,496							507,772,496		
2. Paid medical incentive pools and bonuses .....	6,509,309							6,509,309		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	50,035,367							50,035,367		
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	50,035,367							50,035,367		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	2,034,407							2,034,407		
6. Net healthcare receivables (a) .....										
7. Amounts recoverable from reinsurers December 31, current year .....	19,188							19,188		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	33,540,386							33,540,386		
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	33,540,386							33,540,386		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	1,737,928							1,737,928		
11. Amounts recoverable from reinsurers December 31, prior year .....	130,739							130,739		
12. Incurred benefits:										
12.1 Direct .....	524,267,477							524,267,477		
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	(111,551)							(111,551)		
12.4 Net .....	524,379,028							524,379,028		
13. Incurred medical incentive pools and bonuses .....	6,805,788							6,805,788		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	11,790,600							11,790,600		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	11,790,600							11,790,600		
2. Incurred but Unreported:										
2.1 Direct .....	38,244,767							38,244,767		
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	38,244,767							38,244,767		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	50,035,367							50,035,367		
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	50,035,367							50,035,367		

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	33,386,877	473,985,831	.....	50,035,367	33,386,877	33,540,386
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	33,386,877	473,985,831	.....	50,035,367	33,386,877	33,540,386
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	1,716,928	4,792,381	.....	2,034,407	1,716,928	1,737,928
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	35,103,805	478,778,212	.....	52,069,774	35,103,805	35,278,314

(a) Excludes \$.0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior .....	13,306	13,377	13,377	13,367	13,367
2.	2005 .....	130,940	146,117	146,212	146,207	146,207
3.	2006 .....	X X X	154,981	173,678	173,662	173,660
4.	2007 .....	X X X	X X X	240,921	272,675	272,633
5.	2008 .....	X X X	X X X	X X X	319,508	354,657
6.	2009 .....	X X X	X X X	X X X	X X X	478,778

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior .....	13,306	13,377	13,377	13,367	13,367
2.	2005 .....	149,037	146,172	146,212	146,207	146,207
3.	2006 .....	X X X	173,215	173,740	173,662	173,660
4.	2007 .....	X X X	X X X	273,173	272,713	272,633
5.	2008 .....	X X X	X X X	X X X	354,748	354,657
6.	2009 .....	X X X	X X X	X X X	X X X	530,847

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2005 .....	180,127	146,207	810	0.554	147,017	81.619			147,017	81.619
2.	2006 .....	204,725	173,660	314	0.181	173,974	84.979			173,974	84.979
3.	2007 .....	310,824	272,633	1,182	0.434	273,815	88.093			273,815	88.093
4.	2008 .....	423,942	354,657	1,803	0.508	356,460	84.082			356,460	84.082
5.	2009 .....	651,901	478,778	2,178	0.455	480,956	73.777	52,069	287	533,312	81.809

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . . .	NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior .....	13,306	13,377	13,377	13,367	13,367
2.	2005 .....	130,940	146,117	146,212	146,207	146,207
3.	2006 .....	X X X	154,981	173,678	173,662	173,660
4.	2007 .....	X X X	X X X	240,921	272,675	272,633
5.	2008 .....	X X X	X X X	X X X	319,508	354,657
6.	2009 .....	X X X	X X X	X X X	X X X	478,778

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior .....	13,306	13,377	13,377	13,367	13,367
2.	2005 .....	149,037	146,172	146,212	146,207	146,207
3.	2006 .....	X X X	173,215	173,740	173,662	173,660
4.	2007 .....	X X X	X X X	273,173	272,713	272,633
5.	2008 .....	X X X	X X X	X X X	354,748	354,657
6.	2009 .....	X X X	X X X	X X X	X X X	530,847

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2005 .....	180,127	146,207	810	0.554	147,017	81.619			147,017	81.619
2.	2006 .....	204,725	173,660	314	0.181	173,974	84.979			173,974	84.979
3.	2007 .....	310,824	272,633	1,182	0.434	273,815	88.093			273,815	88.093
4.	2008 .....	423,942	354,657	1,803	0.508	356,460	84.082			356,460	84.082
5.	2009 .....	651,901	478,778	2,178	0.455	480,956	73.777	52,069	287	533,312	81.809

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other ..... NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve ..... NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....			4,000,635		4,000,635
2.	Salaries, wages and other benefits .....		2,238,131	34,192,168		36,430,299
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....					
4.	Legal fees and expenses .....			873,402		873,402
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....			2,042,491	38,616	2,081,107
7.	Traveling expenses .....			1,449,453		1,449,453
8.	Marketing and advertising .....			857,023		857,023
9.	Postage, express and telephone .....			2,499,742		2,499,742
10.	Printing and office supplies .....			3,572,722		3,572,722
11.	Occupancy, depreciation and amortization .....			704,129	59,880	764,009
12.	Equipment .....			1,627,589		1,627,589
13.	Cost or depreciation of EDP equipment and software .....			2,061,127		2,061,127
14.	Outsourced services including EDP, claims, and other services .....			6,421,617		6,421,617
15.	Boards, bureaus and association fees .....			248,511		248,511
16.	Insurance, except on real estate .....			320,497		320,497
17.	Collection and bank service charges .....			82,349		82,349
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			6,605,187		6,605,187
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....			112,714		112,714
23.4	Payroll taxes .....					
23.5	Other (excluding federal income and real estate taxes) .....			30,164,004		30,164,004
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....			1,286,194		1,286,194
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....		2,238,131	99,121,553	98,496	(a) 101,458,180
27.	Less expenses unpaid December 31, current year .....		287,000	4,326,353		4,613,353
28.	Add expenses unpaid December 31, prior year .....		545,000	5,578,496		6,123,496
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....		2,496,131	100,373,696	98,496	102,968,323
DETAILS OF WRITE-INS						
2501.	IRS Penalty .....					
2502.	Charitable Giving/Activities .....			1,286,194		1,286,194
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			1,286,194		1,286,194

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 171,434	..... 223,512
1.1	Bonds exempt from U.S. tax .....	(a)..... 651,515	..... 891,112
1.2	Other bonds (unaffiliated) .....	(a)..... 371,350	..... 468,970
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b)..... 21,271	..... 21,271
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	..... 33,469	..... 33,469
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e)..... 215,177	..... 215,177
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,464,216	..... 1,853,511
11.	Investment expenses .....		(g)..... 98,496
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 98,496
17.	Net Investment income (Line 10 minus Line 16) .....		..... 1,755,015
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 9,955	.....	..... 9,955	.....	.....
1.1	Bonds exempt from U.S. tax .....	..... 50,547	.....	..... 50,547	.....	.....
1.2	Other bonds (unaffiliated) .....	..... (266,308)	.....	..... (266,308)	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	..... (107,107)	.....	..... (107,107)	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	..... (381,929)	.....
2.2	Common stocks (unaffiliated) .....	..... (52,041)	.....	..... (52,041)	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	..... 353,199	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	..... 489,767	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... (364,954)	.....	..... (364,954)	..... 461,037	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Other invested assets (Schedule BA) .....			
8.	Receivables for securities .....			
9.	Aggregate write-ins for invested assets .....			
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....			
11.	Title plants (for Title insurers only) .....			
12.	Invested income due and accrued .....			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection .....			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3	Accrued retrospective premiums .....			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers .....			
14.2	Funds held by or deposited with reinsured companies .....			
14.3	Other amounts receivable under reinsurance contracts .....			
15.	Amounts receivable relating to uninsured plans .....			
16.1	Current federal and foreign income tax recoverable and interest thereon .....			
16.2	Net deferred tax asset .....	171,072	610,446	439,374
17.	Guaranty funds receivable or on deposit .....			
18.	Electronic data processing equipment and software .....			
19.	Furniture and equipment, including health care delivery assets .....			
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
21.	Receivables from parent, subsidiaries and affiliates .....			
22.	Health care and other amounts receivable .....	418,616	101,875	(316,741)
23.	Aggregate write-ins for other than invested assets .....	448,912	528,280	79,368
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	1,038,600	1,240,601	202,001
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26.	Total (Lines 24 and 25) .....	1,038,600	1,240,601	202,001
DETAILS OF WRITE-INS				
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301.	Deposits .....			
2302.	Aquired Membership .....	443,730	544,410	100,680
2303.	Pre-Paid Expenses .....	5,182		(5,182)
2398.	Summary of remaining write-ins for Line 23 from overflow page .....		(16,130)	(16,130)
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	448,912	528,280	79,368

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	167,207	180,543	197,122	210,184	236,770	2,399,409
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	167,207	180,543	197,122	210,184	236,770	2,399,409
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statements

HEALTH PLAN OF MICHIGAN, INC.

NAIC Company Code 52563

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2009

### Note 1 – Nature of Business and Summary of Significant Accounting Policies

Health Plan of Michigan, Inc. (the “Company”) operates as a state-licensed health maintenance organization (HMO). Health Plan of Michigan, Inc. provides medical services to persons primarily in southern Michigan who subscribe as recipients of state health benefits (Medicaid benefits).

**Physician and Hospital Contracts** - The Company contracts directly with physician/physician groups and hospitals for the provision of medical care and compensates the providers on either a capitation or fee for service basis. The Company has a risk sharing agreement with the primary care physicians, and a portion of the capitation payments may be retained for settlement of risk-sharing agreements.

**Funds Maintained Under Statutory Requirements** - The Company maintains funds under statutory or contractual requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the applicable insurance commissioner or other regulatory agency in accordance with statutory and contractual provisions. The Company can utilize interest earned on these funds. At December 31, 2009 and 2008, \$1,224,645 and \$1,219,104, respectively, were held in cash to fulfill these requirements.

**Statutory Basis of Accounting** - The financial statements have been prepared in accordance with NAIC *Accounting Practices and Procedures* manual and the statutory accounting principles as prescribed by the Michigan Office of Financial and Insurance Services. Statutory accounting principles differ from generally accepted accounting principles (“GAAP”) in their definition of assets and liabilities. Specifically, certain assets (such as intangible assets, certain receivables, prepaid expenses, and software) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$1,038,600 and \$1,240,601 at December 31, 2009 and 2008, respectively. The Company adopted the NAIC’s Codification of Statutory Accounting Principles on January 1, 2003 at the direction of the Michigan Office of Financial and Insurance Services. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Company, except for the prescribed practice for SSAP 84 Certain Health Care Receivables and Receivables Under Government Insured Plans. There is no impact on statutory surplus of the difference in accounting principles prescribed by the NAIC and the State of Michigan, due to the prescribed practice referenced above.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Certificates of deposit in banks or similar financial institutions with maturity dates of one year or less from the acquisition date are also considered cash under statutory accounting principles, and are reported at fair market value.

**Accounts Receivable** - Management believes all receivables are fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

**Bonds** – bonds are stated at amortized cost using the interest method.

**Common Stocks** – common stocks are stated at fair market value.

**Preferred stocks** – preferred stocks are stated at fair market value.

**Mortgage Loans** – The Company does not have mortgage loans.

**Loan Backed Securities** – Loan backed securities are stated at cost; the prospective adjustment method is used to value securities.

**Investments in Subsidiaries, Controlled and Affiliated Companies** – The Company does not have investments in Subsidiaries, Controlled and Affiliated Companies.

**Investments in Joint Ventures, Partnerships and Limited Liability Companies** – investments in limited partnerships are accounted for using the equity method.

**Derivatives** – The Company does not have investments in derivatives.

## Notes to Financial Statements

**Premium Deficiency Calculation** – The Company has not calculated a premium deficiency reserve.

**Capitalization Policy** – This is not applicable to the Company.

**Pharmaceutical Rebates** – The Company has pharmaceutical rebates receivable of \$562,721 at December 31, 2009.

**Real Estate Investments** – The Company does not have investments in real estate.

**Property and Equipment** – The Company does not have property and equipment.

**Income Taxes** - The Company accounts for income taxes as prescribed by SSAP Number 9. A current liability or asset is recognized based on amounts currently payable or refundable on the current year tax return. Deferred liabilities or assets are reported for the estimated future tax effects of temporary differences between statutory and tax accounting methods.

**Revenue Recognition** - Medicaid capitation premiums are recognized in the period members are entitled to related health care services.

**Recognition of Health Care Service Costs** - Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Claims payable includes an actuarially determined estimate of the ultimate cost of settling claims.

**Use of Estimates** - The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to claims payable. It is at least reasonably possible that these estimates will be materially revised in the near term.

### Note 2 - Accounting Changes and Corrections of Errors

This Note is not applicable to the Company.

### Note 3 - Business Combinations and Goodwill

This Note is not applicable to the Company.

### Note 4 - Discontinued Operations

This Note is not applicable to the Company.

### Note 5 - Investments

This Note is not applicable to the Company.

### Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investment in joint ventures, partnerships, or limited liability companies that exceed 10% of the admitted assets of the Company.

### Note 7 - Investment Income

This Note is not applicable to the Company.

### Note 8 - Derivative Instruments

This Note is not applicable to the Company.

Notes to Financial Statements

Note 9 - Income Taxes

A. The components of the net deferred tax asset recognized in Health Plan of Michigan's Assets, Liabilities, and Capital and Surplus are as follows:

	December 31, 2009			December 31, 2008		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 497,532	\$ 35,312	\$ 532,844	\$ 170,636	\$ 668,710	\$ 839,346
Gross deferred tax liabilities	-	(19,546)	(19,546)	-	(55,631)	(55,631)
Net deferred tax asset			513,298			783,715
Nonadmitted deferred tax assets			171,071			610,446
Net admitted deferred tax asset			342,227			173,269
(Increase) decrease in nonadmitted asset			\$ 439,375			\$ (610,446)

The Company has not elected to admit DTAs pursuant to SSAP 10R, paragraph 10e. The current period election was not available at December 31, 2008.

The components of the deferred tax asset, by tax character, recognized by the Company are as follows:

	December 31, 2009			December 31, 2008		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	342,227	-	342,227	173,269	-	173,269
Ten percent of adjusted capital and surplus (10bii.)	-	-	-	-	-	-
Adjusted gross deferred tax assets offset against existing deferred tax liabilities (10c.)	-	19,546	19,546	-	55,631	55,631

B. Temporary differences for which a DTL has not been established

Not applicable

C. Current Tax and Change in Deferred Tax

The provisions for income taxes incurred on earnings for the years ended December 31 are:

	2009	2008
Current income tax expense	\$ 7,061,241	\$ 8,348,506
Tax on capital gains (losses)	(128,083)	567,560
Federal income taxes incurred	\$ 6,933,158	\$ 8,916,066

The tax effect of temporary differences between statutory and tax accounting are as follows forthe years ended December 31:

	2009	2008
Deferred tax assets:		
Discount on unpaid losses and loss adjustment expense	\$ 195,711	\$ 170,636
Unrealized losses	35,312	325,554
Basis Difference in Investments	-	343,156
Nonadmitted Assets	301,821	-
Total deferred tax assets	532,844	839,346
Nonadmitted deferred tax assets	(171,071)	(610,446)
Admitted deferred tax assts	361,773	228,900
Deferred tax liabilities - Basis difference in investments	(19,546)	(55,631)
Net admitted deferred tax asset	\$ 342,227	\$ 173,269

The change in net deferred income taxes is as follows for the years ended December 31:

	2009	2008	Change
Total deferred tax assets	\$ 532,844	\$ 839,346	\$ (306,502)
Total deferred tax liabilities	(19,546)	(55,631)	36,085
Net deferred tax asset	513,298	783,715	(270,417)
Tax effect of unrealized gains			(290,242)
Change in net deferred income tax benefit			\$ 19,825

The Company’s tax return is consolidated with Caidan Enterprises, Inc., its parent company. Federal income tax will be allocated to the Company, as if the Company were filing a separate income tax return. The Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Note 10 - Information Concerning Parent, Subsidiaries, and Affiliates

The Company is a wholly owned subsidiary of a holding company, Caidan Enterprises, Inc., as of December 31, 2003. The Company paid dividends of \$5,000,000 and \$0 in 2009 and 2008, respectively.

Effective June 1, 2006, the Company contracted with Caidan Management Company, a third party administrator related through common ownership, for administrative services. The Company paid management fees to Caidan Management Company totaling \$62,350,478 and \$41,135,412.43 in 2009 and 2008, respectively.

Notes to Financial Statements

**Note 11 - Debt**

The Company has no outstanding debt at December 31, 2009.

**Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans**

This Note is not applicable to the Company.

**Note 13 - Capital and Surplus, Stockholders’ Dividend Restrictions, and Quasi-Reorganizations**

The Company has 100,000 common shares authorized and 1,000 shares issued and outstanding at December 31, 2009. All shares are common stock with a stated value of \$44.70 per share.

Subject to other regulatory limitations on capital and surplus and working capital, the Company is limited by statute to paying dividends no greater than 10 percent of annual income without prior approval of the Michigan Office of Financial and Insurance Services.

The portion of unassigned funds (surplus) represented or reduced by changes in non-admitted asset values is \$(202,001) and \$(427,213) at December 31, 2009 and 2008, respectively. The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses in \$170,795 and \$(2,035,068) at December 31, 2009 and 2008, respectively.

**Note 14 - Contingencies**

The Company is committed to investment up to \$1,000,000 in a real estate limited partnership, over a four year period. At December 31, 2009 and as of the date of preparation of these footnotes, the Company’s contributed capital totaled approximately \$906,021.

**Note 15 - Leases**

The company leases office equipment under various noncancelable operating lease agreements that expire through June 2010. Effective June 1, 2006 the Company entered into an agreement with its third party administrator, an organization related through common ownership. Lease payments are the responsibility of the third party administrator; however the Company retains responsibility for performance under the leases for the contract period.

Future minimum lease commitments are as follows:

2010	4,594
------	-------

**Note 16 - Information About Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk**

This Note is not applicable to the Company.

**Note 17 - Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities**

This Note is not applicable to the Company

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

This Note is not applicable to the Company.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

This Note is not applicable to the Company.

Notes to Financial Statements

Note 20 – Other Items

At December 31, 2009 and 2008, the Company had admitted assets of \$8,981,342 and \$1,975,289 respectively, in accounts receivable for amounts due from governmental entities and other healthcare providers. The Company routinely assesses the collectibility of these receivables. At December 31, 2009 and 2008 the Company has determined there are no uncollectible receivables.

Note 21 - Events Subsequent

This note is not applicable to the Company.

Note 22 - Reinsurance

Health Plan of Michigan, Inc. maintains a non-cancelable reinsurance policy with a non-affiliated reinsurer to provide coverage on an annual per member basis after a \$175,000 deductible for eligible services is reached. The maximum lifetime reinsurance coverage payable under the agreement is \$2,000,000 per member. The Company has reported premiums net of reinsurance ceded of \$581,894 and \$493,594 as of December 31, 2009 and 2008, respectively. Losses recovered by the Company totaled approximately \$399,788 and \$130,739 in 2009 and 2008, respectively.

The Company does not have reinsurance assumed, uncollectible reinsurance, or retroactive reinsurance.

Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

This Note is not applicable to the Company.

Note 24 - Change in Incurred Claims and Claim Adjustment Expenses

An enrolled actuary has determined the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by \$174,509 as a result of reestimation of unpaid claims and claim adjustment expenses. This increase/decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note 25 – Intercompany Pooling Arrangements

This note is not applicable to the Company.

Note 26– Structured Settlements

This note is not applicable to the Company.

Note 27 – Health Care Receivables

The Company has Pharmaceutical Rebate Receivables of \$562,721 at December 31, 2009. There were Pharmaceutical Rebates Receivables at December 31, 2008 of \$866,229.

The Company has no accounts receivable from risk sharing arrangements at December 31, 2009 and 2008.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2009	\$562,721	\$562,721	\$0	\$0	\$0
9/30/2009	\$0	\$0	\$0	\$0	\$0



Notes to Financial Statements

6/30/2009	\$0	\$0	\$0	\$0	\$0
3/31/2009	\$0	\$0	\$0	\$0	\$0

Note 28 – Participating Policies

This note is not applicable to the company.

Note 29 – Premium Deficiency Reserves

This note is not applicable to the company.

Note 30 – Anticipated Salvage and Subrogation

Loss reserves have not been reduced for any salvage or subrogation. During 2009 and 2008, the Company received subrogation totaling \$397,743 and \$580,731 respectively.

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/03/2005
- 3.4 By what department or departments?  
State of Michigan Office of Financial and Insurance Services
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Plante & Moran, PLLC 2601 Cambridge Court, Suite 500 Auburn Hills, MI 48326
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Larry Pfannerstill, Milliman USA 15800 Bluemound Rd. Suite 400 Brookfield, WI 53005-6069; Actuary/consultant with an actuarial firm
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ ..... 0

18.12 To stockholders not officers

\$ ..... 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ ..... 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ ..... 0

18.22 To stockholders not officers

\$ ..... 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ ..... 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ ..... 0

19.22 Borrowed from others

\$ ..... 0

19.23 Leased from others

\$ ..... 0

19.24 Other

\$ ..... 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ ..... 0

20.22 Amount paid as expenses

\$ ..... 0

20.23 Other amounts paid

\$ ..... 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ ..... 0
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[ ]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ ..... 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ ..... 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[ ] No[X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ ..... 0

23.22 Subject to reverse repurchase agreements

\$ ..... 0

23.23 Subject to dollar repurchase agreements

\$ ..... 0

23.24 Subject to reverse dollar repurchase agreements

\$ ..... 0

23.25 Pledged as collateral

\$ ..... 0

23.26 Placed under option agreements

\$ ..... 0

23.27 Letter stock or securities restricted as to sale

\$ ..... 0

23.28 On deposit with state or other regulatory body

\$ ..... 0

23.29 Other

\$ ..... 0

23.3 For category (23.27) provide the following:
- | 1                     | 2           | 3      |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| .....                 | .....       | .....  |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0

26.1

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian's Address
Northern Trust .....	50 South LaSalle Street Chicago, IL 60675 .....
Bank of America .....	2600 W. Big Beaver, MO900-150, Troy, MI 48084 .....
Comerica Bank .....	500 Woodward Ave, Detroit, MI 48226 .....

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes[X] No[ ]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Northern Trust .....	Comerica Bank .....	12/31/2009 .	Financial Decision .....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
123286 .....	Roble Asset Management .....	5700 Corporate Drive, Pittsburgh,PA 15237 .....
104751 .....	Zazove Associates, LLC .....	940 Southwood Blvd, Ste 200, Incline Village, NV 89451 .....
114949 .....	Madison Scottsdale .....	8777 N. Gainey Center Dr, Ste 200, Scottsdale, AZ 85258 .....

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes[ ] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total .....	.....	.....

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3  Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	31,928,331 .....	33,065,937 .....	1,137,606 .....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals .....	31,928,331 .....	33,065,937 .....	1,137,606 .....

- 28.4 Describe the sources or methods utilized in determining the fair values
- Month end market analysis/valuation

- 29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?
- 29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?
- 29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- Yes[X] No[ ]
- Yes[ ] No[X] N/A[ ]

GENERAL INTERROGATORIES (Continued)

30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

30.2 If no, list exceptions:

Yes[X] No[ ]

OTHER

31.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....

32.1 Amount of payments for legal expenses, if any?

32.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
.....	.....

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

33.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$..... 0

1	2
Name	Amount Paid
Karoub Associates .....	32,000
Public Affairs Associates .....	35,000



GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Eaton, MI .....
Genesee, MI .....
Hillsdale, MI .....
Huron, MI .....
Jackson, MI .....
Kalamazoo, MI .....
Kent, MI .....
Lake, MI .....
Lenawee, MI .....
Livingston, MI .....
Macomb, MI .....
Manistee, MI .....
Mason, MI .....
Mecosta, MI .....
Monroe, MI .....
Montcalm, MI .....
Muskegon, MI .....
Newaygo, MI .....
Oakland, MI .....
Oceana, MI .....
Ogemaw, MI .....
Osceola, MI .....
Oscoda, MI .....
Otsego, MI .....
Ottawa, MI .....
Roscommon, MI .....
Saginaw, MI .....
St. Clair, MI .....
St. Joseph, MI .....
Sanilac, MI .....
Shiawassee, MI .....
Tuscola, MI .....
Van Buren, MI .....
Wayne, MI .....
Alcona, MI .....
Arenac, MI .....
Bay, MI .....
Benzie, MI .....
Clare, MI .....
Gladwin, MI .....
Grand Traverse, MI .....
Gratiot, MI .....
Ionia, MI .....
Iosco, MI .....
Isabella, MI .....
Kalkaska, MI .....
Midland, MI .....
Missaukee, MI .....
Presque Isle, MI .....
Wexford, MI .....
Alpena, MI .....
Antrim, MI .....
Ingham, MI .....
Lapeer, MI .....
Montmorency, MI .....
Washtenaw, MI .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$.....0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$.....0

FIVE-YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 26) .....	117,105,525	95,274,105	73,679,770	53,428,793	51,738,742
2. TOTAL Liabilities (Page 3, Line 22) .....	57,092,623	44,996,195	38,377,649	22,985,271	21,658,358
3. Statutory surplus .....	36,866,500	25,337,446	20,655,876	20,472,581	18,012,744
4. TOTAL Capital and Surplus (Page 3, Line 31) .....	60,012,902	50,277,910	35,302,121	30,443,522	30,080,384
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	651,900,988	423,942,604	310,824,251	204,725,815	180,127,438
6. TOTAL Medical and Hospital Expenses (Line 18) .....	530,673,477	354,195,781	273,737,981	170,353,081	147,176,468
7. Claims adjustment expenses (Line 20) .....	2,238,131	1,686,531	1,088,961	381,623	810,995
8. TOTAL Administrative Expenses (Line 21) .....	99,138,278	44,790,407	24,689,952	17,786,161	13,358,533
9. Net underwriting gain (loss) (Line 24) .....	19,851,102	23,269,885	11,307,357	16,204,950	18,781,442
10. Net investment gain (loss) (Line 27) .....	1,517,144	1,589,029	5,066,787	2,093,273	1,212,505
11. TOTAL Other Income (Lines 28 plus 29) .....	35,366	1,052		(6)	44,462
12. Net income or (loss) (Line 32) .....	14,342,371	16,511,460	10,636,643	11,997,772	12,953,446
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	25,356,358	22,904,486	22,281,054	13,778,956	16,753,435
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	60,012,902	50,277,910	35,302,121	30,443,522	30,080,384
15. Authorized control level risk-based capital .....	18,409,104	12,668,552	10,327,938	7,351,678	6,431,328
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	236,770	167,207	133,250	119,149	100,349
17. TOTAL Members Months (Column 6, Line 7) .....	2,399,409	1,817,726	1,545,122	1,289,976	1,140,246
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	80.4	79.0	82.9	78.3	76.5
20. Cost containment expenses .....					
21. Other claims adjustment expenses .....	0.3	0.4	0.3	0.2	0.4
22. TOTAL Underwriting Deductions (Line 23) .....	95.7	89.4	90.7	86.7	83.9
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	3.0	5.2	3.4	7.5	9.8
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	35,103,805	31,761,506	18,854,426	15,304,676	13,374,366
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	35,278,314	32,313,988	18,289,019	18,164,975	15,235,065
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[X] N/A[ ]

If no, please explain::



SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L			660,893,125				660,893,125	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X			660,893,125				660,893,125	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1			660,893,125				660,893,125	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

**Caidan Enterprises, Inc.** (Federal Employer Identification # 52-2422207)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009:

D. Cotton, M.D.	32.4%
S. Cotton	31.6%
J. Cotton	10% - Non Voting Stock
S. Cotton	10% - Non Voting Stock
M. Cotton	10% - Non Voting Stock
T. Lauzon	6%
	100%

**Caidan Holding Company** (MI; Federal Employer Identification # 26-4004578)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009: Caidan Enterprises, Inc. 100%

**Health Plan of Michigan, Inc.** (MI; NAIC # 52563; Federal Employer Identification # 38-3253977)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009: Caidan Holding Company 100%

**Caidan Management Company, LLC** (MI, Federal Employer Identification # 26-4004494)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009: Caidan Enterprises, Inc. 100%

**Meridian Rx, LLC** (MI, Federal Employer Identification # 27-1339224)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009: Caidan Enterprises, Inc. 100%

**Meridian Health Plan, Inc.** (IL, Federal Employer Identification #20-3209671)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2009: Caidan Holding Company 100%

SCHEDULE Y - INFORMATION CONCERNING ACTI  
MEMBERS OF A HOLDING COMPANY GROU  
PART 1 - ORGANIZATIONAL CHART

Health Management, Inc. (common ownership with Health Plan of Michigan, Inc. majority stockholder)  
(Federal Employer Identification # 38-3360283)  
Shareholders at December 31, 2009: D. Cotton, M.D. 100%

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